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China MFN Chronology: 1994

Selected Actions on renewal or denial of MFN trade status from January 1, 1994, through May 26, 1994

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Most-favored-nation (MFN) treatment, or MFN trading status, has been the principal economic threat in our bilateral economic relationship from the Tiananmen crackdown of June 1989 until President Clinton separated human rights from MFN on May 26, 1994. The MFN principle is a reciprocal granting to a trading partner of nondiscriminatory trade treatment, including lowest normal tariff rates on imports. China currently enjoys MFN status subject to annual review. This annual review is mandated for non-market-economy countries by the Jackson-Vanik Amendment. That amendment requires the President to recommend to Congress that Congress extend or not extend MFN trading status to nonmarket economies each year. Recommendation for renewal automatically renews China's MFN status for one year unless Congress passes a joint resolution disapproving the President's action.

In 1993 President Clinton added human rights assessment to the annual MFN process. Executive Order 12850 of May 28, 1993, established the conditions for renewing MFN status for China in 1994. The Secretary of State was required to recommend to President Clinton before June 3, 1994 whether to extend or not extend MFN status to China, based upon:

- freedom of emigration in China, and China's compliance with the 1992 bilateral U.S.-Chinese agreement on prison labor
- China's progress toward adhering to human rights standards, releasing from prison and accounting for pro-democracy demonstrators, treating prisoners humanely, protecting Tibet's heritage, and permitting radio and television broadcasts into China

On May 26, 1994, the President announced his decision that continued MFN status for China is merited, despite its lack of progress on human rights in the past year. In addition he separated human rights evaluation from China's MFN status. This statement automatically renews MFN status for China for one year unless a joint resolution of disapproval is enacted into law by Congress within 60 days after the expiration of the previous MFN renewal.

The 1994 actions which culminated in and result from President Clinton's May 26, 1994, decision on China's MFN status are the subject of this chronology.

- 1/15/94** Chinese President Jiang Zemin tells U.S. House Majority Leader Richard Gephardt, D-MO, and five other U.S. Representatives visiting Beijing that China was going to make an effort to improve human rights.
- 1/17/94** China and the United States agree on new textile trade ceilings in Beijing, containing a requirement that China would not transship textiles through other nations and thus exceed China's textile quota with the United States.
- 1/19/94** U.S. Treasury Secretary Lloyd Bentsen arrives in Beijing for talks. Bentsen reported he warned Premier Li Peng that Chinese human rights performance was inadequate to justify continued MFN status. *Washington Post* 1/20/94, p. A17.
- 1/20/94** China appears close to an agreement to allow U.S. officials greater access to prisons to investigate prison labor exports complaints. *Washington Post*, 1/20/94, p. A17.
- 2/1/94** U.S. Department of State sends to Congress its annual report on world human rights, *Country Reports on Human Rights Practices for 1993*. It is very critical of China's human rights record in 1993.
- 2/27/94** Chinese dissident Wei Jingsheng meets with U.S. Assistant Secretary of State for Human Rights, John Shattuck, in Beijing.
- 3/2-8/94** Various Chinese dissidents are arrested by Chinese security forces. Dissidents include: Wei Jingsheng (3/4-5), Wang Dan (3/2-3, 3/8), Zhai Weimin, Zhou Guogiang, Yuan Hongbing, and Wang Jiaqi. *Facts on File* 3/17/94, p. 195.
- 3/10/94** China's National People's Congress opens annual meeting in Beijing with speech by Premier Li Peng before 2800 delegates. Premier Li calls for greater economic and political stability by slowing the pace of reform. He predicts 9% economic growth in 1994 and declares government initiatives to lessen inflation and control financial markets.
- 3/11/94** U.S. Secretary of State Warren Christopher arrives in Beijing for three-day visit. Chinese officials rejected U.S. goal of linking human rights with trade status. *Washington Times*, 3/15/94, p. A11.
- 3/29/94** U.S. Assistant Secretary of State for East Asian Affairs Winston Lord in Washington, D.C., speech stated that U.S. might target China's state-owned firms for U.S. trade sanctions if China had not sufficiently improved human rights conditions to justify renewal of MFN trade status.
- 3/30/94** The United States relaxes high technology export controls on most computer and telecommunications technology against China. *Business Week*, 4/18/94, p. 54.
- 4/1/94** Chinese dissident Wei Jingsheng is re-arrested by Chinese officials while en route to Beijing from Tianjin.
- 4/5/94** Chinese dissident Tong Yi, aide to Wei Jingsheng, is arrested by Chinese authorities.

- 5/15/94** Senate Majority Leader George Mitchell, D-ME, appearing on NBC's "Meet the Press," states, "As of now, I don't think that the terms of the executive order have been met."
- 5/17/94** Over 100 members of the U.S. House of Representatives send a letter to President Clinton urging him to extend MFN status for China and to establish a bilateral commission on human rights.
- 5/18/94** Bipartisan legislators' news conference including Rep. Nancy Pelosi, D-CA, and Rep. Christopher Smith, R-NJ, charge that China continues to use prison labor in making export products. Harry Wu, executive director of the Laogai Research Foundation, shows film he made in China showing alleged prisoners making hand tools, pipes, and toys for export. *Congressional Quarterly Weekly Report*, 5/21/94, pp. 1281-82.
- 5/18/94** U.S. Department of State announces that China has agreed to meet with Voice of America officials to resolve problems of Chinese jamming of American broadcasts. *Congressional Quarterly Weekly Report*, 5/21/94, pp. 1281-82.
- 5/21/94** U.S. Secretary of Commerce Ron Brown, on CNN's "Evans & Novak," declares that China has met the mandatory requirements and seems to have made progress in other areas necessary for renewal of MFN status.
- 5/23/94** U.S. Secretary of State Warren Christopher reports to President Clinton that China has met the narrow legal preconditions for renewal of MFN status. *New York Times*, 5/24/94, pp. A1, A6.
- 5/26/94** President Clinton, in news conference, separates China's trade status from its human rights performance and declares that a continuing waiver of denial of MFN status is warranted. The President notes that China had not met human rights standards set last year, and announces he is banning U.S. imports of Chinese guns and ammunition. He notes that other U.S. sanctions on trade with China will remain in force, including the embargo on U.S. exports of police and military equipment. The President also announced his Administration will develop with the U.S. business community a voluntary code of conduct for American businesses in China. Annual consideration of MFN renewal will continue.